

Cloud migration: Is your MSP standing in the way?

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With cloud computing already entrenched and proven in some of the world's most substantial companies (and equally entrenched among the world's most savvy startups), South African businesses should be asking themselves a simple question. Why isn't more of my stuff in the cloud?



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One possibility is that you're being actively dissuaded from moving to the cloud owing to the vested interests of your managed services provider (MSP).

That's because moving into the cloud effectively breaks down the established order in which people have secured job prospects and where MSPs enjoy lucrative returns based on business models which are rapidly becoming outdated.

Making the transition

Making a transition to the cloud can be a difficult prospect not only for technical reasons, but also thanks to the vested interests of the 'traditional' IT market. There is little question that many MSPs are under pressure as their value propositions are overtaken and as they face up to the reality of competing with international cloud services providers, new market players and a shrinking market space.

Cloud doesn't just mean change for those using it. It also means change for resellers and managed services providers which must now become accustomed to a reality where margins are thin and money is made not in large tranches, but through annuity-based revenue streams. The economies of scale that deliver a cost benefit to end users can also have a punitive effect on the MSP, which is geared towards selling the time of its staff rather than the outcomes that end user clients want (and which the cloud is able to deliver).

For those MSPs that seek to become cloud services providers, further challenges await. While there is a distinct advantage in owning and operating data centres located in the country (especially with regards to addressing data sovereignty issues), it comes at a very significant capital cost to set up and operate these facilities. Consequently, it is only the larger MSPs which are in a position to do so.

Forward-thinking MSPs are now transitioning their business models to reselling cloud services and cumulatively benefiting from the thin margins on offer. Just as cloud introduces efficiency for end users, it also drives efficiency in these MSPs, which are driven to achieve profitability despite the limited headroom for markup.

It isn't all bad news, these MSPs are discovering, especially when servicing larger businesses where migration to the cloud is more complex. In these situations, expertise is required, particularly where hybrid architectures are created and cloud services are integrated with existing processes and technology systems. And, of course, there is still the requirement for devices, local and wide area networks, and more.

Other MSPs are resistant and will leverage their existing relationships with customers to actively dissuade them from moving to the cloud. The time honoured, but dubious to say the least, technique of Fear Uncertainty and Doubt finds fertile soil in such situations: security concerns are played up, reliability and connectivity is raised and, as mentioned, the spectre of data sovereignty can be conjured.

Be that as it may, with the cloud proven and with the country's (and the world's) top businesses accepting the reality of improved performance, massive reductions in capex and reduced operational effort required as there is no longer any need to update servers and their software, the shift is inevitable.

If you are finding resistance from existing service providers, it could be time to get external, impartial advice. After all, when your competitors are benefiting from reduced cost and greatly improved efficiency, the real question which remains is this: can your company afford not to expedite its own move into the cloud?

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